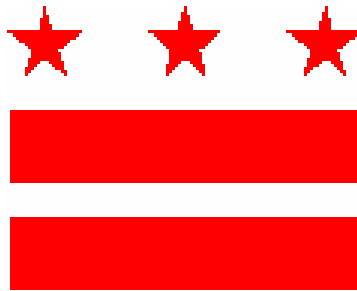


**PUBLIC HEARING ON
B15-520, “TEACHER TAX CREDIT
AMENDMENT ACT OF 2003”**

**BEFORE
THE COMMITTEE ON EDUCATION, LIBRARIES AND
RECREATION
KEVIN P. CHAVOUS, CHAIRMAN
COUNCIL OF THE DISTRICT OF COLUMBIA**



**TESTIMONY OF STANLEY JACKSON
DIRECTOR
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

WEDNESDAY, JANUARY 7, 2004

GOOD AFTERNOON, CHAIRMAN CHAVOUS AND MEMBERS OF THE COMMITTEE ON EDUCATION, LIBRARIES AND RECREATION. I AM STANLEY JACKSON, DIRECTOR OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, WHICH I WILL REFER TO AS “DHCD” OR “THE DEPARTMENT.”

AT THE TABLE WITH ME ARE ROBERT MULDERIG, DEPUTY DIRECTOR FOR RESIDENTIAL AND COMMUNITY SERVICES; AND CARLYNN FULLER, ACTING MANAGER FOR HOME PURCHASE ASSISTANCE PROGRAMS.

WE APPEAR BEFORE YOU TODAY TO SUPPORT B15-520, THE “TEACHER TAX CREDIT AMENDMENT ACT OF 2003.”

PROPOSED LEGISLATIVE CHANGES

THE TEACHER TAX CREDIT AMENDMENT ACT OF 2003 WOULD AMEND THE DISTRICT GOVERNMENT EMPLOYER-ASSISTED HOUSING PROGRAM (EAHP) TO PROVIDE TEACHERS IN THE DISTRICT OF COLUMBIA PUBLIC AND CHARTER SCHOOLS THE SAME HOMEBUYER ASSISTANCE INCENTIVES AVAILABLE TO METROPOLITAN POLICE OFFICERS. UNDER THE METROPOLITAN POLICE HOUSING

ASSISTANCE PROGRAM, OFFICERS WHO ARE FIRST-TIME HOMEBUYERS IN THE DISTRICT ARE ELIGIBLE FOR A PROPERTY TAX CREDIT, TO BE DISTRIBUTED OVER FIVE YEARS, AT 80% IN THE FIRST YEAR, AT 60% IN THE SECOND YEAR, AT 40% IN THE THIRD YEAR, AND AT 20% IN EACH OF THE FOURTH AND FIFTH YEARS. ADDITIONALLY, THE PROGRAM PROVIDES A \$2,000 DISTRICT INCOME TAX CREDIT FOR THE TAX YEAR IN WHICH THE EMPLOYEE PURCHASES THE HOUSE AND FOR EACH OF THE FOUR (4) SUBSEQUENT TAX YEARS.

THE PROPOSED AMENDMENT WILL PROVIDE THE SAME BENEFITS TO TEACHERS IN THE DISTRICT OF COLUMBIA. THESE AMENDMENTS WOULD PROVIDE ASSISTANCE TO TEACHERS WHO ARE FIRST-TIME HOMEBUYERS BEYOND THE DOWN PAYMENT AND CLOSING COST ASSISTANCE ALREADY AVAILABLE TO THEM THROUGH THE EMPLOYER-ASSISTED HOUSING PROGRAM. DHCD BELIEVES THAT THE PROPOSED AMENDMENTS WILL HAVE A POSITIVE IMPACT ON THE ABILITY OF THE DISTRICT TO ATTRACT AND TO RETAIN TEACHERS TO WORK AND TO PURCHASE HOMES IN THE CITY.

CURRENT MARKETPLACE CHALLENGES

HOUSING PRICES THROUGHOUT THE DISTRICT OF COLUMBIA HAVE INCREASED DRAMATICALLY OVER THE PAST FEW YEARS, PRESENTING A SIGNIFICANT CHALLENGE FOR LOW- AND MODERATE-INCOME HOUSEHOLDS TO PURCHASE AFFORDABLE HOUSING. A RECENT REPORT FROM THE GREATER CAPITAL AREA ASSOCIATION OF REALTORS INDICATED THAT THE MEDIAN PRICE OF HOMES SOLD IN THE DISTRICT IN 2003 WAS \$330,000, UP 87% FROM THE MEDIAN PRICE OF \$175,600 IN 2000. THE NUMBER OF HOMES SOLD AT PRICES LESS THAN \$150,000 DROPPED BY 66% DURING THIS PERIOD, FROM 2,053 IN 2000 TO 691¹ IN 2003.

WHILE HOME PRICES ROSE DRAMATICALLY IN THE PAST THREE YEARS, THE MEDIAN ANNUAL INCOME FOR DISTRICT HOUSEHOLDS INCREASED AT A MUCH LOWER RATE DURING THE SAME TIME PERIOD. IN GENERAL, FOR DISTRICT HOUSEHOLDS THAT RECEIVED HOMEBUYER ASSISTANCE, INCOME ROSE BY 9%--FROM \$32,836 IN 2000, TO \$35,747 IN 2003. ANNUAL INCOME FOR NEW TEACHERS IS COMPARABLE; THE STARTING SALARY FOR DISTRICT TEACHERS IN FY 2003 WAS \$35,260.

¹ Extrapolating for the month of December 2003

THESE FIGURES CLEARLY SHOW THAT NEW TEACHERS, AND DISTRICT HOMEBUYERS WITH COMPARABLE SALARIES, HAVE A MUCH SMALLER INVENTORY OF AFFORDABLE HOUSES, I.E., THOSE PRICED AT LESS THAN \$150,000, THAN THEY WOULD HAVE HAD JUST THREE YEARS AGO.

BENEFITS OF THE PROPOSED AMENDMENTS

THE TEACHER TAX CREDIT AMENDMENTS WOULD ENHANCE EXISTING HOMEBUYER ASSISTANCE INCENTIVES. THESE INCENTIVES WOULD EXPAND THE BENEFITS ALREADY AVAILABLE FOR TEACHERS UNDER THE EMPLOYER-ASSISTED HOUSING PROGRAM, NAMELY, THE ABILITY TO PROCURE A DEFERRED LOAN OF UP TO \$10,000 FOR DOWNPAYMENT AND CLOSING COST ASSISTANCE AND THE ABILITY TO OBTAIN UP TO \$1,500 IN MATCHING DOWNPAYMENT FUNDS.

CONCLUSION

THE GOVERNMENT EMPLOYER-ASSISTED HOUSING PROGRAM, AN INTEGRAL PART OF THE CITY'S OVERALL PLAN TO INCREASE HOMEOWNERSHIP IN THE DISTRICT OF COLUMBIA, SPECIFICALLY

INCREASES HOMEOWNERSHIP OPPORTUNITIES FOR DISTRICT GOVERNMENT EMPLOYEES. THE PROGRAM MUST CONTINUE TO EVOLVE TO MEET CHANGING MARKET TRENDS. DHCD MAINTAINS THAT THE PROPOSED AMENDMENTS ARE POSITIVE STEPS TOWARD ATTRACTING AND RETAINING THE BEST CANDIDATES TO TEACH IN DISTRICT OF COLUMBIA PUBLIC SCHOOLS AND TO BECOME HOMEOWNERS IN THE DISTRICT.

CHAIRMAN CHAVOUS, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO SUPPORT THE TEACHER TAX CREDIT AMENDMENT ACT OF 2003. MY STAFF AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.